

PAPER MERCHANT SALES Report

DECEMBER, 1983

INDUSTRIAL

NPTA REGIONS	SALES PER SELLING DAY DECEMBER 1983 "COMPARED TO" DECEMBER 1982	SALES PER SELLING DAY DECEMBER 1983 "COMPARED TO" NOVEMBER 1983	SALES PER SELLING DAY 1983 YEAR-TO-DATE "COMPARED TO" 1982 YEAR-TO-DATE	DAYS OUTSTANDING (ACCOUNTS AND NOTES) AT CLOSE OF DECEMBER		CALENDAR DAYS' COST OF ENDING NOVEMBER INVENTORY	
				1982	1983	1982	1983
1	+ 8.4%	+ 1.7%	+ 5.2%	42	43	53	--
2	+15.3%	- 1.6%	+ 4.2%	33	36	40	51
3	+11.6%	- 4.7%	+ 8.9%	33	35	64	59
4	+22.0%	- 6.7%	+11.4%	32	36	59	56
5	+ 8.9%	+ 1.0%	+ 2.4%	32	31	70	63
6	+ 9.9%	- 4.4%	N/A	38	N/A	55	--
7	+ 5.0%	+ 4.8%	+ 1.0%	36	36	60	--
NY METRO	+17.6%	- 0.6%	+10.2%	47	47	--	--
CHICAGO METRO	+19.5%	- 1.8%	+12.2%	44	50	55	--
LA METRO	+25.1%	+ 9.2%	+ 7.3%	46	54	54	--
US	+14.1%	- 1.6%	+ 6.2%	36	39	58	58

PRINTING

1	+22.3%	-13.5%	+16.4%	50	51	55	--
2	+34.6%	- 1.4%	+13.0%	45	44	67	62
3	+29.1%	- 4.2%	+16.2%	45	44	84	76
4	+31.9%	+ 2.1%	+12.1%	44	46	76	74
5	+43.4%	+ 2.1%	+15.1%	44	44	78	90
6	+13.5%	+ 0.7%	N/A	42	N/A	68	--
7	+19.1%	+ 3.5%	+ 3.3%	41	44	77	85
NY METRO	+38.4%	+ 3.5%	+15.6%	43	44	68	--
CHICAGO METRO	+33.4%	- 0.4%	+14.0%	45	45	68	--
LA METRO	+56.7%	+11.9%	+19.3%	40	33	76	81
US	+34.6%	+ 1.7%	+12.6%	44	44	73	78

*TO CALCULATE MONTHLY INVENTORY TURNOVER, DIVIDE 365 CALENDAR DAYS BY # OF CALENDAR DAYS COST, EG, 365/73 = 5.00x.

- Region 1 CT, ME, MA, NH, RI & VT
- Region 2 DE, DC, MD, NJ, NY & PA (excluding NY Metro)
- Region 3 AL, FL, GA, NC, SC, TN & VA
- Region 4 IL, IN, KY, MI, MO, OH, WV & WI
(excluding Chicago Metro)
- Region 5 CO, IA, KS, MN, MT, NE, ND SD, WY
- Region 6 AK, AZ, CA, HI, ID, NV, NM, OR, UT & WA
(excluding LA Metro)
- Region 7 AR, LA, MS, OK & TX

- NY Metro: NY: New York City, Long Island and Westchester Co.
NJ: Counties of Bergen, Essex, Hudson, Middlesex,
Passaic and Union
- Chicago Metro: IL: City of Chicago and Cook, DuPage and Lake Cos.
IN: Lake Co.
- LA Metro: Cities: Los Angeles, and San Diego
Counties: Los Angeles, San Diego, Orange and Ventura
(and neighboring parts of Riverside and San
Bernadino)

Selling Days

The actual number of days a firm was open for business or that the sales people made customer calls [calendar days less weekends (if applicable) and holidays]. By supplying selling days of each firm, the sales per selling day are standardized according to actual business conditions or company policies.

Days Outstanding

The number of days outstanding on this report are calculated by adding the current month's sales and the previous month's sales and dividing the total by the number of calendar days of the two months. The result is a figure representing average sales per calendar day.

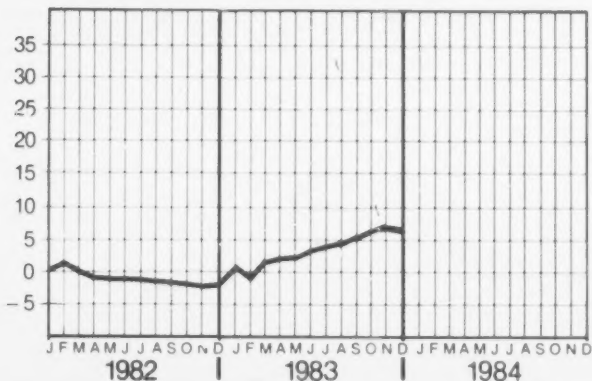
The total figure provided for closing accounts and notes receivable is divided by the average sales per calendar day. The result is the number of days outstanding at the end of the month being prepared.

PAPER MERCHANT SALES REPORT

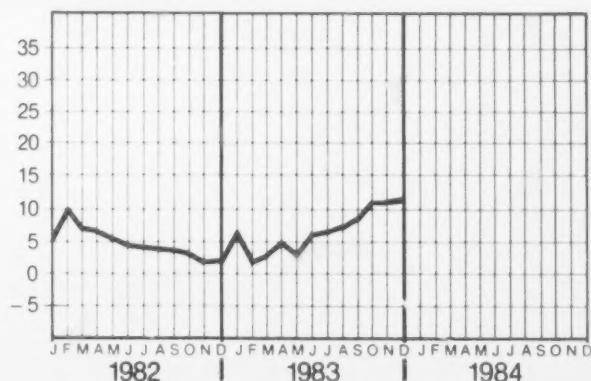
SUMMARY NATIONAL TREND INFORMATION: 1982 TO PRESENT

SALES INFORMATION: YEAR-TO-DATE SALES PER SELLING DAY AS A PERCENTAGE OF PREVIOUS YEAR'S YEAR-TO-DATE SALES PER SELLING DAY.

INDUSTRIAL PAPER SALES NATIONALLY

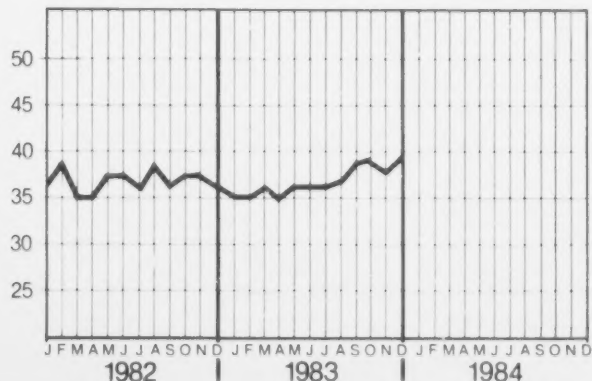


PRINTING PAPER SALES NATIONALLY

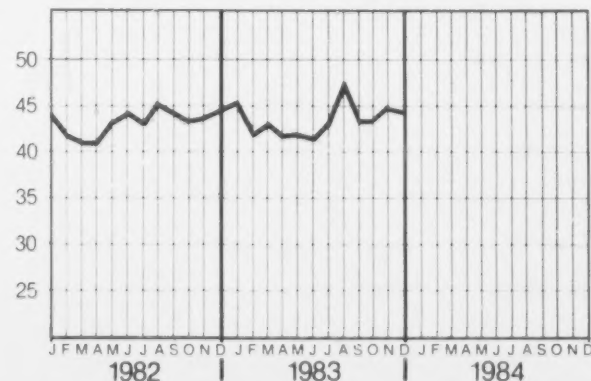


RECEIVABLES INFORMATION: DAYS OUTSTANDING FOR ACCOUNTS AND NOTES RECEIVABLE FROM PAPER SALES AT END OF EACH MONTH (IN CALENDAR DAYS)

INDUSTRIAL PAPER RECEIVABLES NATIONALLY

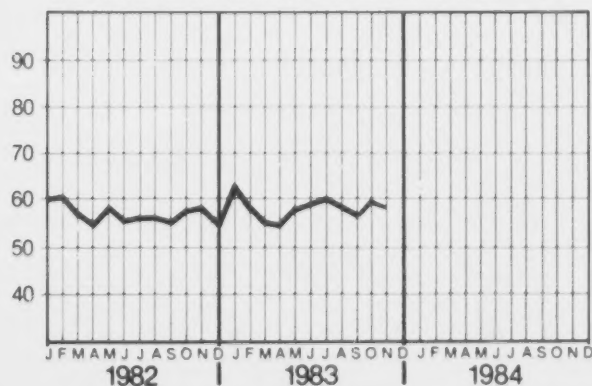


PRINTING PAPER RECEIVABLES NATIONALLY

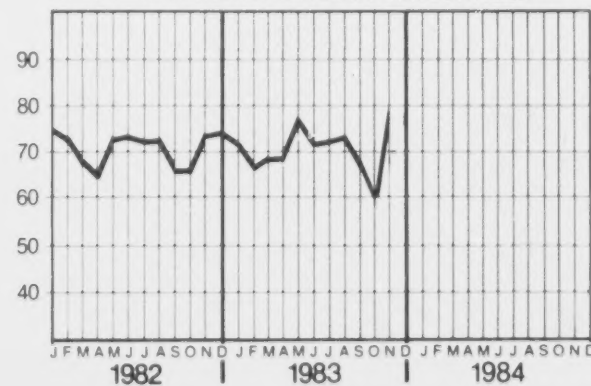


INVENTORY INFORMATION: CALENDAR DAYS COST OF ENDING MONTHLY INVENTORY (FIFO) (IN CALENDAR DAYS)

INDUSTRIAL PAPER INVENTORY NATIONALLY



PRINTING PAPER INVENTORY NATIONALLY





Effective Tax Rates - Paper Industry and Wholesalers Are Among The Top Payers

**Average Pegged at 16 Percent —
Paper Industry and Wholesalers Pay
36.1 Percent**

The portion of the overall U.S. tax burden borne by corporations continued to decline in 1982, while significant disparities remained between the effective tax rates for different industry groups, according to a study prepared by the Joint Committee on Taxation and the General Accounting Office (GAO).

According to the study, which was requested by House Ways and Means Committee members Donald J. Pease, D-Ohio, and Byron L. Dorgan, D-N.D., the corporate share of the U.S. tax burden fell from 11.5 percent in 1981 to 8.1 percent in 1982. In 1950, the corporate share was 28.3 percent of the overall tax burden.

The study also found that major disparities remain between industry groups, with sectors such as chemicals, insurance, financial institutions, and aerospace subject to negative tax rates, and other groups such as rubber, trucking, tobacco, paper and wood, and wholesalers paying more than 35 percent each.

Another major finding of the study was that U.S. corporations pay much lower taxes on their U.S. source income than they do on their foreign-earned income. According to the study, the average tax rate for U.S.-source income was 16.1 percent—in contrast to 55 percent for foreign-earned income and 29.6 percent on worldwide income.

Set forth below is an excerpt from a Pease-Dorgan press release summarizing the findings of the corporate tax study. The full texts of the press release and the Pease-Dorgan study have been placed in the November 21,

1983 Tax Notes Microfiche Data Base as Docs 83-1114 and Doc 83-11145 (37 pages), respectively.

Excerpt from press release

The Pease-Dorgan study of the effective tax rates of U.S. corporations reveals that:

- Corporate income tax receipts, as a percentage of total federal receipts, dropped from 28.3 percent in 1950 to 11.5 percent in 1981 and fell again to 8.1 percent in 1982. At the same time, personal income taxes, as a percentage of total federal receipts, climbed from 39.2 percent in 1950 to 47.5 percent in 1981 and rose again to 49 percent in 1982;
- Seven out of 29 industry sectors studied had effective tax rates of less than 10 percent in 1982;
- U.S. corporations paid an average of 16.1 percent U.S. taxes on their U.S. income in comparison with 55 percent on their foreign-earned income and 29.6 percent on their worldwide income;
- In 1982, U.S. income tax rates on U.S. income by industry varied between a high of 39 percent and a low of minus 17.7 percent;
- The lowest effective tax rates by industry sector were in chemicals (-17.7 percent); insurance (-6.3 percent); financial institutions (-3.8 percent); aerospace (-0.6 percent); telecommunications (1.6 percent); railroads (4.1 percent); and broadcasting (8.9 percent); and

- The highest effective tax rates by industry sector were in rubber (39 percent); trucking (36.9 percent); tobacco (36.3 percent); paper and wood (36.1 percent); and wholesalers (36.1 percent).

Pease said that the conclusions of this year's study, which classifies 213 large corporate taxpayers studied into 29 industry sectors, have been combined with the conclusions of studies from two previous years and reflect a three-year trend.

NAW Staff Member Joins White House

John H. Fitch, Jr., vice president of government relations at the National Association of Wholesaler-Distributors, has left the association to join the White House staff. He has become the deputy to the Special Assistant to the President for Private Sector Initiatives. He will report to Jim Coyne at the White House.

Postal Rate Increase in 1984

In an announcement that surprised many, the U.S. Postal Service announced that due to a deficit in the last fiscal quarter and projected deficits through 1984, it would seek a rate increase. This would drive the cost of a first class stamp from 20 cents to 23 cents per ounce.

During the past two years, the Postal Service had boasted of a surplus but warned in announcements that the good times were temporary. Not to be dismissed in this equation is the fact that the Postal Service must face their unions again next summer to renegotiate the wage package.



A new management resource for wholesalers is now available through NPTA

The first comprehensive bibliography on wholesale-distribution is now available from NPTA: **The DREF Database**. It is a softcover book of over 500 pages containing thousands of business management entries. Each listing is accessible by "key" words and summarizes a book or article on the topic of your choice.

Because this is a database of information, it is constantly up-dated. Every six months a supplement is published and mailed to Database subscribers.

Keywords

A Keyword Index guides you right to the source of information you need. There, a single paragraph tells you the major theme of the article or book, and summarizes its major points. To use the DREF Database, you need not know the names of any books or

authors in advance. All you do is scan the list of Keywords to find the topic(s) you want to explore. The Database guides you automatically from there!

With the Database you will be able to:

- Scan hundreds of case histories drawn directly from wholesale distribution.
- Receive management advice written by industry experts—company executives, outside consultants and journalists.
- Research subjects more thoroughly, leading to better management decision-making.
- Do quick "look-ups," saving enormous amounts of time keeping up with industry developments and making you more productive.

- Identify new areas of potential interest to you and your organization.
- Evaluate new and different techniques for managing your business by reading how others have done so.
- Be more comprehensive in your reading and research via exposure to information you might not otherwise see.
- Obtain information others may not have access to, helping you to maintain your "edge."

The DREF Database is available from the NPTA Communications Department at an annual subscription rate of \$145.

Positions Wanted

Resumes available on request from the NPTA Communications Department.

1. Sales manager/product manager of industrial paper products seeks industry position. 15 years of experience covering distribution in 15 midwestern states, solid experience developing accounts.

2. Marketing manager seeks position as branch, sales or marketing manager. Spent 20 years with large manufacturer and then four years as marketing manager with a mid-west paper distributor.

The DREF Database Helps You Locate The Management Information You Need in This Standard, Easy-To-Use Format.

Author _____
Title of Article or Book _____
Journal Name and Address _____
Date and Site of Publication _____
Price of Publication _____
Summary—Description of Article or Book _____

HEALY, DONALD
HEALY SEES TWO ROUTES FOR GROWTH
BRANCHING OR SERVICE
The Distribution
136 Ardmore Avenue, Pittsburgh, Pa. 15226
724-2-1400, 2-1401, 2-1402, 2-1403
Residence: (412) 582-6161
42% of Healy's 1987-88 Revenue
Study reports indicate that future wholesaler
distribution growth strategy will be either to
decrease the number of branches within a
company or, for the company without branches,
to concentrate on improving product line and
customer service. The expectations and theories
concerning both strategies are discussed.

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MANAGEMENT NEWS

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March, 1983



Highlights

Allan & Gray joins NPTA

The Allan & Gray Corporation, a New York printing paper merchant, has joined NPTA. All wish them much success in 1984. (P. 2)

Marketing program sells milk in cartons

The Paperboard Packaging Council's efforts have increased the sale of milk in cartons. The results of the advertising campaign are worth noting. (P. 5)

Paper towels vs. the competition

In an exclusive article written for *Management News*, Scott Paper discusses how paper towels stand-up to competition by air dryers. This is part one of a two part series. (P. 6)

Paper merchant strategies

This is a new feature for *Management News*. Distributors are encouraged to send in material about how their companies are working to move ahead in the 80s. Three member firms report. (P. 9)

Inventory shock

What do you do when you cannot get what you need? Or, a valued customer buys out all of your stock on a particular item? Noted author Gordon Graham tells you how to "shock" your inventory. (P. 10)

Federal spending on social programs

The National Association of Wholesaler-Distributors (NAW) recently reported a comparison of government spending in this area for 1982 and 1983 (P. 15)

1984 Convention theme set

NPTA has adopted the phrase "Strive for Excellence" to be the banner for Convention '84. Plans are now in the works for an exciting Convention in Chicago. (P. 16)

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Route To:

NEWS of PAPER TRADE ACTIVITIES

Allan & Gray joins NPTA

Congratulations to the Allan & Gray Corporation, printing paper merchants located at 111 Eighth Avenue, New York, NY. They have just become members of the Association, and all members, directors and staff wish them much success in 1984.

A&G

The company was founded in 1906 and was purchased by the present owner, Elwyn Lieberman, in 1959. Allan & Gray does most of its printing paper business through mill-direct shipments, thus operates only a small warehouse in mid-town Manhattan.

Mr. Lieberman is a well-known paper merchant in the New York metropolitan area and all welcome him aboard.

Mead sets-up scholarship fund

To commemorate its 150-year history, the Central Area of Mead Merchants has created a scholarship endowment fund at Miami University, Oxford, OH.

George Jewett, president of Meads' Central Area said one \$750 scholarship is to be awarded annually on a merit basis to a first-year student. "As the fund grows, more than one scholarship will be possible," Jewett said. Any son or daughter of an employee may apply.

People In The News

James H. Lyngholm, vice president and Minn/Dak regional manager for Leslie Paper, has been named to the additional position of senior vice president and assumes the corporate responsibility for operations. **Barry S. Smith** was named assistant regional manager of the Minn/Dak area. **R. Owen Perry** was appointed sales and marketing manager for the company's Milwaukee, WI operation. And, **James H. Jahnke** was named to the new post of corporate purchasing manager.

Leon Kaplan, vice president and general manager of the Kaplan Paper Company, Seattle, WA, has been awarded the honor of "Printer of the Year for 1983" by the Washington/Alaska Printing Industries Association.

David Goodman has been elected to the position of executive vice president of Knox and Schneider, Inc. of Chicago, IL.

Martha Gill has joined Ris Paper, Garden City, NY, as sales promotion manager. She will work out of the division headquarters in Woburn, MA.

Nancy J. Sanders has joined Mead Merchants—division head office as manager of marketing information. **E. Michael Bell** has been promoted to senior accountant at the division headquarters.

Andrew N. Wilson has been named vice president of S. Walter Packaging in Philadelphia, PA.

Bryan A. Black was appointed assistant branch manager in Columbia, SC

for the Virginia Paper Company. **William J. Ready** was named assistant branch manager for the Miami, FL operation.

Edward V. Dengler, a manager with the Carpenter Paper Company, passed away. He had been with the company for 35 years.

Michael J. Bennett, manager of marketing research and analysis at Appleton Papers, has been appointed director of planning. **Dale H. Schumaker**, formerly vice president of manufacturing for the company, has become senior vice president of manufacturing. **John W. Turner**, who was vice president of marketing, has been named senior vice president of marketing for Appleton Papers.

Arthur Cohen has been named president and CEO of the Ludlow Corp. succeeding L. Dennis Kozlowski.

G. Web Ross was elected president of Publishers Paper.

Margaret M. Atwell has been named vice president, sales manager, converted products for Gilman Paper.

Richard M. Smith was promoted to the position of vice president, quality for the International Paper Company. Previously, he was manager manufacturing for the pulp and paper group.

Robert E. Flowerree, chairman of the board of Georgia-Pacific announced that he will be retiring. **T. Marshall Hahn, Jr.**, president and chief executive officer of the company, was elected to the additional office of chairman.

AT&T prospectus was gigantic print job

With the American Telephone & Telegraph's divestiture came one enormous print job—the prospectus to the shareholders explaining the breakup. Getting the word out about AT&T was a task they will long remember.

R.R. Donnelley & Sons Co. contracted to print the 267-page report and called it "the largest financial print job in history." The document had to be sent to the 2.9 million names on AT&T's mailing list.

The job involved nearly four million pounds of paper shipped into the Donnelley plant on 98 trucks. They figured that, layed end-to-end, the printed pages would circle the earth 3.4 times.

This would normally require 72,190 mail sacks, but to help out the post office, Donnelley used a computer to sort the documents. Almost 2,000 pallet-loads of printed materials were sent to postal distribution points around the country. The entire project was completed in two weeks.

Wage increases at mills lower in 1983

First year industry-wide wage increases for labor agreements negotiated in all of 1983 stood at 5.6 percent or 59 cents per hour for 148 reporting mills. According to the American Paper Institute, their survey covered 69,229 employees.

This compares with a 6.9 percent or 68 cents per hour increase in 1982 at 104 mills covering 43,159 workers.



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Scott Paper establishes new profit center

According to the *Gallagher Report*, Scott Paper is developing an "entrepreneurial" profit center around the do-it-yourself market. Products include: Disposable "industrial strength" Wypall™ cleaning cloths, pre-moistened Wypet™ hand/face towel, and Wypshield™ windshield towel in a dispenser.

The new operation is based in Bryn Mawr, PA, away from the Philadelphia headquarters. Philip Lippincott, president of Scott, has named Larry Borger and Bill Coffey as "partners" in the new venture. They will be able to make decisions independently of Scott top management.

Alco Standard to buy Saxon Industries

Saxon Industries Inc. announced that its Creditors Committee agreed to recommend acceptance of a proposal made by the Alco Standard Corporation to acquire Saxon in connection with a plan of reorganization for Saxon.

The ultimate plan of reorganization is subject to certification of certain conditions and the approval of the U.S. Bankruptcy Court. Saxon's Board of Directors has already approved the plan.

A Saxon representative said that it is not possible to determine distribution to creditors and shareholders until the total amount of claims is determined and a final plan is made.

Saxon, a major distributor and converter of paper and paper-related products, has been reorganizing under the provision of Chapter 11 of the U.S. Bankruptcy Code since filing its partition on April 15, 1982.

The Alco Standard Corporation is a broadly diversified New York Stock Exchange listed company, which owns Unisource, Inc., and has operations in the areas of distribution and manufacturing. Alco Standard reported revenues of almost 2.8 billion dollars and net income from continuing operations in excess of 57 million dollars for the fiscal year ended September 30, 1983.

Distributors reporting improved fourth quarter and annual sales and profits

Jim Walter reports quarter was ahead

The Jim Walter Corporation posted its first quarter (ending November 30, 1983) sales at \$535.8 million—up 5.9 percent from the previous year's level of \$506.1 million. Net income was set at \$22.4 million reflecting a 27.8 percent increase from a year earlier.

Jim Walter is a diversified company and the sales and earnings reported above do not necessarily reflect the activities of their paper operation. The Corporation's fiscal year, which ended August 31, 1983, showed the paper group to have had sales of \$219.3 million up 2.8 percent from a

year earlier. Operating income was reported to be down to \$5.87 million from \$7.61 million the year before.

Alco Standard reports increase from Unisource family of companies

Alco Standard's annual report showed revenues for their Paper and Communication Products group to have risen 9.6 percent to \$1.153 billion from the 1982 level of \$1.052 billion. Income before taxes for 1983 was \$47.6 million—an increase of 21.7 percent over the \$39.1 million reported in 1982. (These figures also reflect the activities of the Alco Office Products operation.)

Century Papers shows improvement last quarter

Although net earnings for Century Papers in Houston, TX were lower for the nine months ending December 31, 1983, their quarter showed a healthy increase. The three month period ending December 31 placed earnings at \$314,000, up 27.6 percent from the \$246,000 reported for the same period the year before.

The quarterly earnings figures were on sales of \$19.7 million compared with \$17.5 million for the previous year's period.

PRINTING PAPER

New printing foundation formed by three leading organizations

The Graphic Arts Education and Research Foundation was formed by three leading groups to provide financial support to projects in the printing field. The National Association of Printers and Lithographers (NAPL), Printing Industries of America (PIA) and the National Printing Equipment and Supply Association (NPES) formulated the new organization during the last Graph Expo.

The financial aid being made available results from surpluses generated by the trade shows managed by the Graphic Arts Show Company (a joint venture of these groups) which includes the Graph Expo shows and Print 85. Although money will come through the new foundation, each sponsoring organization will continue its own research and education activities.

Programs to be supported by the foundation will include: research projects, training, seminars, and other programs in the graphic arts. Applications for funding may be obtained from the Graphic Arts Education and Research Foundation, 6849 Old Dominion Drive, Suite 200, McLean, VA 22101.

Public printer Sawyer quits to return to private industry

Danford L. Sawyer, Jr. has left his Government Printing Office job to return to private industry. According to Printing Industries of America, it had been no secret that he wanted to leave.

Sawyer had been seeking the position of administrator of the General Services Administration, but delays in the appointment process caused him to look outside the government.

Sawyer's career has certainly been one of the most exciting of recent Public Printers. The major actions taken by or promoted by Sawyer during his tenure include the reorganization of the printing procurement section at GPO to create an Assistant Public Printer for Procurement, the reorganization and financial improvement of the Superintendent of Documents section from a

major money loser in recent years to a potential money making operation, bringing a measure of fiscal responsibility throughout GPO's operations which will make it difficult for any successor to be less than aggressive.

The printing industry rebound impacts demand for paper

It wasn't until mid-1983 that the printing industry showed signs of recovery. And the projections for 1984 are definitely positive.

The growth rate for all of last year's printing activity averaged over three percent; and it was that high only because of the rebound in the second half of the year. In the fall of 1983, Graph Expo participants were very enthusiastic about the upswing. The mood continued into 1984.

Michael G. Coulson, writing in the January issue of the *Tappi Journal*, said that there has been significant growth in color printing, and with it, the greater use of new technology.

The demand for coated paper has risen sharply. Coulson stated that "if the printing industry's growth rate in 1984 lives up to the optimistic expectations, that a tight supply situation on coated papers could last well into the year."

Purchasing managers see strong demand for printing paper grades

The National Association of Purchasing Management's February "Commodity Reports" on paper stated that mill operating levels were up, and that more aggressive selling policies would become more evident in 1984.

Coated papers

NAPM reported that No. 4 and No. 5 publication grades were showing strong demand and filling some requirements were difficult. Overseas paper began to look more attractive. Coated groundwood publication grade saw a nine percent increase January first. The demand for sheetfed and roll coated offset grades remained firm.

Industrial Paper

Marketing program stimulates sale of milk in paperboard cartons

A program being conducted by the Paperboard Packaging Council's Milk Packaging Group has stimulated the sale of milk in paperboard cartons in selected marketing areas throughout the country.

The program, designed to promote the advantages of the paperboard milk carton in preserving both the nutritional value and the flavor of milk, has significantly increased paperboard's share of the milk packaging market in more than 10 major marketing areas.

In a series of markets, including Seattle, Boston, Norfolk, Sioux Falls, Charlotte, Charleston, San Diego, and Providence market share shifts from plastic jugs to paperboard milk cartons have averaged 28%—rising from an average market share of 29% to an average share of 57%.

The advertising and public relations campaign, funded by the Council's members who manufacture milk cartons, is based on more than 50 scientific studies by independent researchers. The studies show significant losses of Vitamins A and B₂ (riboflavin) when milk in plastic jugs is exposed to the fluorescent lighting typically found in supermarkets. Paperboard, on the other hand, blocks out more than 97% of the light and more effectively protects milk from vitamin loss.

The nutrition message is presented to consumers through a 4 week series of TV commercials, newspaper advertisements, and radio spots. The campaign is bolstered by the introduction of the Gallon 2-Pak, two half-gallon cartons held together by a sturdy paperboard handle.

How large are the markets for janitorial supplies and food service disposables?

The size of these markets is often called into question by merchants who are seeking market share data. Although the Census Bureau does not provide regional breakdowns for these commodity types, it is interesting to note the size of the janitorial supplies and food service disposables distribution.

According to the International Sanitary Supply Association and the Single Service Institute, janitorial supplies is estimated to be worth between \$6.2 and 7 billion. Included here are cleaning chemicals and equipment, paper towels, and toilet tissue.

Hand towels are estimated to be 16 percent of the total (or approximately \$1 billion) and toilet tissue accounts for five percent (or \$330 million). These figures are in terms of distributor purchase cost.

Interestingly, industrial paper distributors participating in the last NPTA-sponsored Performance Analysis Report (PAR) said that janitorial supplies and equipment represented 7.86 percent of their total sales. And, it is 4.31 percent of the dual's sale of industrial paper products.

Food service disposables which includes cups, plates and bowls represent a \$600 million consumer market and a \$1.2 billion commercial and institutional market. Tubs, lids, yogurt containers and other miscellaneous items account for another \$1 billion. The total market size is estimated to be approximately \$2.25 billion.

The PAR Report showed that food service disposables made up 13.13 percent of industrial distributor sales, and 10.62 percent of the dual's sale of industrial paper products.

Industrial Paper Price Trends By Commodity Type 1983

Commodity	Percent Change in BLS Price Index, 12/82 - 12/83
Total packaging and industrial converting paper	1.6
Wrapping paper, except unbleached kraft	1.2 (12/82 - 11/83)
Shipping sack paper, unbleached kraft	7.9 (12/82 - 11/83)
Shipping sack paper, except unbleached kraft	No change (since 6/83)*
Bag & sack, except shipping sack, unbleached kraft	1.0
Bag & sack, except shipping sack, except unbleached kraft	1.5
Glassine, greaseproof, and vegetable parchment	No change
Oil, waxed, and wax-laminated paper, printed or not	-1.4
Tissue paper stock, except thin	1.9 (since 6/83)*
Sanitary paper stock	2.7 (since 6/83)*

*Index base 6/83 = 100.0

Source: Bureau of Labor Statistics, Producer Prices & Price Indexes

PAPER TOWELS STACK UP A

A classic cartoon situation—one that for generations has epitomized a money-costing waste of time—is a group of workers gathered around a water cooler. Were it not for a certain cultural lag among the world's cartoonists, that fixture would long ago have been replaced with an electric hand dryer.

Indeed, even the most conservative of time-and-motion studies indicates that the average person spends at least 25 seconds in front of an electric hand dryer, as opposed to just 10 seconds wiping with a paper towel.

But popular perception, like that of pen-and-ink humorists, takes a while to catch up with reality. Fortunately for the paper trade, however, misconception has been finally overwhelmed by experience now that the electric hand dryer has been on the market for so many years.

The time it takes

Consider the implications of that time factor. Assume an office of 500 workers, each of whom visits the washroom four times a day. Assume, too, that the hourly pay scale averages \$7.

If each of those workers uses an electric hand dryer instead of paper towels, each wastes one minute a day. Not much per individual, but multiply that by 500 and the wage loss is \$55 per day. For a week, \$275. And for a full work-year, \$14,300.

To make the picture even more bleak consider this: There's usually someone in line behind those workers, waiting, wasting even more time, as the one in the front of the line is attempting to dry his hands. Thus, the time factor is doubled or tripled.

An electric hand dryer does not, as do paper towels, permit someone to rip off a piece of material and use it while enroute to the waste basket. With an electric hand dryer, what you use can't be moved from where it is.

Part I: *Electric Hand Dryers: Just A Lot of Hot Air?*

By: Michael D. Shackelford
Washroom Marketing
Business Manager
Commercial Products Division
Scott Paper Co.

Maintenance costs

Equally damaging are comparison of direct, and indirect maintenance costs.

First, paper towel dispensers are relatively simple mechanisms which don't go wrong all that often. And when they do, it's likely the trouble can be corrected in a couple of minutes by a custodian whose wage scale might be the same—certainly no higher—as that of the \$7-per-hour office worker.

In a building of the size used in our example—500 people—there's usually a custodian on duty during working hours, not to mention well into the night.

An electric hand dryer is an altogether different story, though.

First, not only good sense but union regulations, too, prevent most custodians from attempting to fix an electric hand dryer. In all but exceptional cases, a union electrician must be called when something goes wrong with the device.

If there's not one on staff, that means a waiting period that may range from a few hours to a day, perhaps even longer. That electrician probably charges \$20 per hour, has a minimum fee per call, and may even charge for travel time to and from the site of the defective electric hand dryer.

Many employers—and firms which provide washrooms as a service to their customers—have to contend with this two-edged problem of an electric hand dryer that doesn't work, and an electrician who when he does work charges what is a very significant sum of money.

It is particularly irritating to, say, service stations where there is only one electric hand dryer per washroom. Paper towel dispensers are often installed to cover periods between the time an electric hand dryer is not working, and when it is repaired.

Having two systems just doesn't make economic sense. Nor is there much sense, either, in watching toilet tissue build up in the waste basket when the electric hand dryer doesn't work, and there's no supplementary paper towel dispenser.

Replacement cost

Under the worst circumstances, where a paper towel dispenser cannot be repaired, the cost of replacement may run \$25 or so. With the electric hand dryer, it is an entirely different story—a new one may involve an investment of at least several hundred dollars.

To install a new paper towel dispenser requires the time of anyone

AGAINST THE COMPETITION

with the ability to use simple hand tools. But to put up an electric hand dryer—well, again you're looking at the electrician and his \$20 per hour, his minimum fee, and his travel time. Fortunately, the owner has already paid the price of the special wiring many localities require for electric hand dryers.

Usage costs

None of those points can be overcome by even the most skilled vendor of electric hand dryers. Nor, to his further disadvantage, can he present persuasive figures about operating costs of the device.

How fortunate it is for us in the paper trade that we can project the costs of materials. For example, we know that one case of C-fold towels will serve up to two, maybe two-and-a-half, people a year. We determine the number of people at a particular location, factor in the per-case cost,

Benefits of paper towels over electric hand driers

- saves time
- lower maintenance cost
- much lower replacement cost
- competitive usage cost
- greater sanitation
- no heat to add to the discomfort level
- no puddles on the floor
- users prefer paper towels

and the prospect pretty much knows what he's facing in the way of hand drying expenses.

Getting the job done

But perhaps the greatest advantage paper towels have over electric hand dryers is that paper towels do the job, and electric hand dryers don't.

Despite the fact that an electric hand dryer requires more than twice as much of a person's time, it does nothing for the cleaning process.

Paper towels—just examine some that have been used in the washroom of a factory—remove dirt and grime that may not have come off in the sink.

An electric hand dryer, however, does not remove that residual dirt. In fact, it simply dries it—and the soap that was not rinsed off—on the user's skin. And by no one's definition can that be considered cleaning.

It's not very good sanitation, either, which is one reason that so few

Continued on page 8

Calendar of Events

March

11-14. "Paper Week"—American Paper Institute—Waldorf Astoria, New York, NY.

12. Sales Association of the Paper Industry's 65th Anniversary luncheon, Grand Ballroom, Waldorf Astoria, New York, NY.

20. Successful Inventory Management for the Wholesale Paper Distributor presented by Gordon Graham, Hyatt Regency Hotel, Indianapolis, IN. Contact NPTA.

22-24. Southwestern Paper Merchants & Suppliers Association Convention, Mandalay Four Seasons Hotel, Irving, TX.

April

8-11. GATF International Congress on Lithography, William Penn Hotel, Pittsburgh, PA.

9-13. NPTA Committee Week '84. Capital Hilton Hotel, Washington, D.C.

Sales and Time Management Training

Professional Selling Skills III (PSSIII) and Managing Time and Territory III (MTTIII) on-site training may be arranged on an individual company basis. Flexible time and pricing schedules are available. Contact the NPTA Education and Training Department.

electric hand dryers are found in pharmaceutical plants, hospitals, clinics or other health and medical-related places of work.

There is another sanitation factor that must be considered, too. Electric hand dryers continually recirculate the same air. This is, remember, a washroom and not exactly the most germ-free environment in the world. Thus bacteria and odors are deposited upon the surface—the vulnerable human surface—being dried.

...Paper Towels Do The Job, And Electric Hand Dryers Don't!

In effect, the user walks away from an electric hand dryer a little cleaner, a little dryer, than when he arrived but possibly a lot *less* sanitary.

There are several other problems, too. The electric hand dryer is a heater—in effect, a radiator—and that adds to the summertime discomfort of a building. And because an electric hand dryer does not catch liquids as does a paper towel, there is often a slippery puddle in front of the device where water has dripped from a user's hands.

And try—just try—to deal with wet arms and faces in front of an electric hand dryer.

Many of the points mentioned might be ignored were there good user acceptance of electric hand dryers, but that is not the case. In fact, independent research has determined that paper towels are preferred by 74 percent of the people offered a choice.

CHAIRMAN'S CORNER

Your Company's Performance

If there's one thing you should count on your Association for it is reliable industry sales and financial data. Many of you participate each year in the NPTA Performance Analysis Report (PAR), but some of you don't. Why?

Every paper distributor needs a good barometer to constantly check his company. We have always found the PAR to be the right one. And besides that, there is a need for good statistical averages to check the direction, health and well-being of the paper distribution industry at large.

The purpose of the PAR is to give you industry averages so you can find out if your company is ahead or behind where it should be. Each company filling out the confidential questionnaire receives a free analysis back which is more than figures.

PAR is a detailed computer analysis of your company's performance compared with a group which is similar in size, region, product line and order mix. Once you look at the results, you will have a better idea of how to set realistic goals for the coming year.

Also, the PAR Report will give you answers to questions like: Am I paying my employees too much or too little? How is my return on investment? Am I carrying the right amount of inventory? Am I getting the

And not having been offered that choice sometimes results in protest. In a case reported by a New Haven newspaper, eighteen women working in an office signed a petition protesting the use of electric hand dryers in their washroom. "We would like to have good, old fashioned paper towels back again," they wrote.

And they wrote that petition on a "good, old fashioned" paper towel.

LIONEL
ELTIS
NPTA's
Chairman
of the Board



right return on the inventory and receivables I am carrying?

One reason I have heard from members for not participating is that the questionnaire is too long and too complicated. On first glance, it may appear so. But look at it again, much of it is the fund of information you must prepare for your bank and for other year-end filings.

If you can't fill it out, begin by filling out what you can. I guarantee you that any time you spend with the questionnaire will pay a high return to your firm.

Rest assured about the confidentiality of your information. You will return your numbered questionnaire (firm name never appears) to our Columbus, Ohio consultant, Management Foresight, Inc., who prepares the report. The PAR Report is mailed directly to the person in your firm whom you designate.

I urge you to participate. It will be the most profit generating questionnaire you will fill out in 1984. The report comes to you at no additional charge; it is part of your Association membership dues investment.

John LaRosa, the NPTA director of research, can answer any questions you might have. Call him today!

Next Month:

Part II:

Cloth Roll Towels: Their Story Just Doesn't Wash

PAPER MERCHANT STRATEGIES

Where do new ideas come from?

This column in *Management News* is dedicated to sharing ideas among our readers. We'd like to hear from you.

If you have a unique approach to the marketplace, tell us. If you have adopted company practices to improve efficiency, our readers would love to hear about it. Are you doing strategic planning? Let us know what is important about the future development of your company.

The important thing is to get the ideas into circulation to the benefit of the industry. If we use your piece, you will get some good press for your company on this page, and you will receive reprints for your use.

Take a moment to let the industry know how its going. We will all appreciate it.

Computer paper and supplies pave the way to growth

Although we're probably one of NPTA's smallest fine paper merchants, First State Paper is the only fine paper distributor in the state of Delaware and is now beginning its thirteenth year. We've been a member of NPTA since 1975. The company was formed in November 1971 to fill what I felt was a need for a local source for printing paper.

Our steady growth and now our second move into much-needed larger quarters would seem to prove that was true. The "new" building, on a 3-acre site just south of Wilmington, is over 42,000 square feet and has eight covered truck bays. We now have our own large parking lot (a major problem at our previous down-town location) and plenty of extra ground for future expansion.

I feel that much of our success can be attributed to our flowing with the

tide of change in the cut-size paper market in the 70's. The plain bond copier opened many new doors for paper usage and we fortunately added toner and developer to our line early on; something that was being emphasized in the trade six years later at the 1981 New Orleans convention.

We entered the computer paper market early also, again complementing paper with related supplies. Our new facilities will enable us to further expand our lines and to improve our efficiency as well. Serving the printers in the area is still our mainstay though, and with the addition of our new cutter and growing inventory we hope to do an even better job in the future.

—Richard G. Emerson, president
First State Paper, Inc.
Wilmington, Delaware

A long history sets the stage for the future

Back in 1919 Mayer B. Myers, then a young man not yet 30 years old, ambitiously broke away from the firm he was then associated with and began his own paper distribution operation. That was 65 years ago.

Today the firm which bears his name occupies a modern one story warehouse covering slightly more than 100,000 square feet. After moving from one location to another, as growth demanded, the firm in 1951 built its present modern one story facility.

Since the completion of that original building there have been three additions of approximately 20,000 square feet each, and in each instance the additions contained considerably more cube by reason of substantially greater ceiling heights.

In conjunction with the beginning of their 65th year, the firm is reshuffling their staff assignments.

—Malcolm Levi, Jr., senior vice president
Mayer Myers Paper Company
Memphis, Tennessee

Monarch Paper's successful reorganization

Monarch Paper Company, a division of Alco Standard, has successfully completed a year of transition in 1983. This year was critical for Monarch and for the marketplace which suffered its worst downturn in the past 30 years.

The transition Monarch had to make was to broaden its market, from a premium grade orientation in which they had excelled, to reach more diverse and volume oriented market segments. Certainly their cornerstone businesses were not to suffer while these changes were being pursued.

In addition, the company relocated into new distribution facilities in Dallas, Houston and San Antonio. These moves increased their inventory capacity by 250,000 square feet.

In order to accomplish this restructuring, some reorganization had to be made by plan and naturally unexpected changes occurred as well. When all was said and done, Monarch's sales held to near the record levels set in 1982.

Management changes occurred at virtually every level of the company, and as early as the third month of the 1984 fiscal year Monarch attained its single largest sales month in the history of the company.

Having successfully reorganized the management team and seeing some recovery to the Texas economy, President Hamilton Bisbee said Monarch is now positioned to capture a more broad market segment in the coming year, along with deeper penetration in existing segments. As Monarch's new slogan, "Capture the Spirit" indicates, Monarch has captured the spirit of positive changes as we enter 1984.

—Edwin R. Hunter, vice president,
sales & marketing
Monarch Paper Company
Houston, Texas